

January 23, 2008

Dear Administrator:

It is time again for the Department to request that nursing facilities provide wage data to support the development of inflation factors for the nursing home rate setting function. Attached is the survey form for the reporting of data for calendar year 2007. **Please note that this survey is mandatory and must be completed by all nursing facilities participating in Medicaid.** The data is needed to support the development of rates; and must be collected in a manner more timely than cost reports; therefore, DMAS requires that all facilities provide the requested data.

The part of the survey related to wage data is identical to the survey last year. Over the years, the Department has worked with nursing facility provider representatives to clarify the instructions for filling out the survey regarding the employees that should be included and the time period for which data should be submitted.

The instructions clarify that the wage survey data should be consistent with nursing staff costs and hours later filed on the cost report, unless the facility corrects an error before submitting its cost report. For nursing homes with a 12/31 fiscal year end (FYE), there should be a direct match between the data reported on the wage survey and data reported later on Schedule S-1 of the PIRS 1090 cost reporting forms. Furthermore, total nursing staff costs on the wage survey should equal total nursing staff costs on Schedule S-1 as well as total nursing staff costs on Schedules A-4 and N of the PIRS 1090 cost reporting forms. Attached is a table describing the items that should match from each source of nursing staff costs. For nursing homes that do not have a 12/31 FYE, they should use the same data sources as would be used for the cost report, but for the twelve-month period ended December 31, 2007.

The nursing staff salary costs and hours that should be included in Survey Parts I - III are those that are included in the total on lines 1 and 2 of Schedule A-4 (excluding nursing departmental supplies and professional fees) or Lines 24 and 25 of Schedule B-5, Part 1, whichever is applicable, of the PIRS 1090 Series cost reporting forms, plus the NATCEPS wages and benefits on Schedule N of the PIRS 1090 cost reporting forms. Please note that Parts I – III of the survey should include any quality assurance nurses' salary costs and hours. Quality assurance nurses were added to the computation of direct patient care base operating costs effective July 1, 2002 and should be reported on Schedule A-4 or B-5, Part 1 and on this survey. In addition, time spent at the facility by quality assurance coordinators employed by the home office should be included in direct patient care base operating costs and in the data submitted for this survey in Parts I - III. The regulatory language regarding direct patient care operating costs – nursing service expenses is included below:

12VAC30-90-271. Direct patient care operating.

A. Nursing service expenses.

1. Salary --nursing administration. Gross salary (includes sick pay, holiday pay, vacation pay, staff development pay and overtime pay) of all licensed nurses in supervisory positions defined as follows (Director of Nursing, Assistant Director of Nursing, nursing unit supervisors, patient care coordinators and MDS coordinators).

2. Salaries --RNs. Gross salary of registered nurses.

3. Salaries --LPNs. Gross salary of licensed practical nurses.

4. Salaries --Nurse aides. Gross salary of certified nurse aides.

5. Salaries --Quality assurance nurses. Gross salary of licensed nurses who function as quality assurance coordinators and are responsible for quality assurance activities and programs. Quality assurance activities and programs are concerned with resident care and not with the administrative support that is needed to document the care. If a quality assurance coordinator is employed by the home office and spends a percentage of time at nursing facilities, report directly allocated costs to the nursing facility in this category rather than under the home office operating costs.

6. Nursing employee benefits. Benefits related to registered nurses, licensed practical nurses, certified nurse aides, quality assurance nurses, and nursing administration personnel as defined in subdivision 1 of this subsection. See 12VAC30-90-272 B for description of employee benefits.

Part IV of this survey asks that non-nursing salaries and hours be reported. The salaries and hours reported in Part IV includes all other salaries and wages that are included in the indirect care operating costs reported on Schedule A-3 or Schedule B-5, Part I of the PIRS 1090. Part V of this survey is for reporting the salaries and wages of employee (only) therapists. The total of these salaries and wages should correspond to the total of employee therapists' salaries and wages as included in the total ancillary costs reported on Schedule C of the PIRS 1090 cost reporting forms.

Parts VI and VII summarize salary and benefits data reported for nursing home employees. Part VIII requests data on liability insurance premiums and deductibles.

Parts IX and X of the survey are new and request additional information. The Department has worked in conjunction with an Advisory Committee of nursing facility provider representatives and consumer advocates on developing a Pay for Performance plan for nursing homes. The Advisory Committee recommended that one of the performance criteria should be nursing staff turnover and/or retention. In order to develop a performance measure prototype for staff turnover and/or retention, the Department is requesting relevant information in Part IX. The nursing staff information reported in Part IX should include all nursing staff as defined above for Parts I – III, excluding agency and corporate nursing staff.

In the past, the Department has been asked to calculate the number of nursing hours per resident per day. The Department has used the wage survey for nursing hours and cost report data for the number of bed days. The time period for some of the cost reports, however, is not always consistent with the time period used in the wage survey. In order to do this calculation using a consistent data source for all nursing homes, we are asking for each nursing home to report the total number of bed days for the twelve-month period ended December 31, 2007 in Part X.

The final page of the survey allows for the calculation of some of the results that will be used in the calculation of inflation factors. It is not required that you complete this last page, but it is encouraged. In previous surveys, some data contained errors that would have been obvious had the facility completed the calculations that are carried out on the last page. For example, if the product obtained by dividing CNA employee salaries per paid hour by the number of hours worked plus paid leave hours is very low or very high, it may reveal a reporting error in salaries or in the number of hours.

DMAS has established the ability for facilities to electronically submit their data directly. This has been very successful. DMAS encourages facilities to report the data by going to the following Internet website address: www.dmas.virginia.gov, "What's New" section (DMAS anticipates that this will be available by January 29th). Print two copies of your completed electronic form, prior to electronic submission. Please send one copy to the address below and retain one copy for your records. We will use the copy to verify the data received electronically. Also, please sign and return the attached "CERTIFICATION BY OFFICER OR ADMINISTRATOR OF PROVIDER" form via mail or fax. If you do not have Internet access, please use the survey form that is enclosed. You may fax the completed survey to Pat Lawver at (804) 371-8892 or send it via the United States Postal Service or overnight courier to:

Michael Lupien
Provider Reimbursement
Department of Medical Assistance Services
600 East Broad Street, 8th Floor
Richmond, Virginia 23219

The survey is due by March 3rd. If you have any questions, please contact Michael Lupien at (804) 786-3673. Thank you for your continued support and cooperation.

Sincerely,

A handwritten signature in dark ink, reading "William J. Lessard, Jr." in a cursive style.

William J. Lessard, Jr.
Director, Provider Reimbursement

Enclosures

Comparable Nursing Staff Cost Data Sources

WAGE SURVEY Unaudited Calendar Year Used for wage inflation	PIRS 1090, SCHEDULES A-4 & N Audited Cost Report Year Used for rate setting	PIRS 1090, SCHEDULE S-1 Unaudited Cost Report Year Informational only
Line 1 CNA Employee Salary Cost Line 2 CNA Employee Benefit Cost Line 5 Outside Agency Personnel Cost Line 7 CNA Corporate Agency and/or Related Party Personnel Cost Line 9 LPN Employee Salary Cost Line 10 LPN Employee Benefit Cost Line 13 LPN Outside Agency Personnel Cost Line 15 LPN Corporate Agency and/or Related Party Personnel Cost Line 17 RN Employee Salary Cost Line 18 RN Employee Benefit Cost Line 21 RN Outside Agency Personnel Cost Line 23 RN Corporate Agency and/or Related Party Personnel Cost	Schedule A-4 Computation of Direct Patient Care Nursing Service Costs Line 1 Total Nursing Administration Cost Line 2A Salaries - RNs, LPNs, CNAs Line 2B Employee Benefits Line 2C Contract Nursing Service for RNs, LPNs, CNA's (or Schedule B-5, Part 1, lines 24 and 25) Schedule N Nurse Aide Training and Competency Evaluation Program Costs and Competency Evaluation Programs (NATCEPS) Line 1 Direct Training Salary Costs Line 2 Employee Benefit Costs - Training Personnel	PART 1 Compilation of CNA Related Data Line 1 CNA Employee Salary Cost Line 4 CNA Employee Total Benefits Paid Line 5 CNA Outside Agency Personnel Cost Line 7 CNA Corporate (Related Party) Agency Personnel Fee PART 2 Compilation of RN Related Data (Including RNs Assigned to Nursing Administration) Line 1 RN Employee Salary Cost Line 4 RN Employee Total Benefits Paid Line 5 RN Outside Agency Personnel Cost Line 7 RN Corporate (Related Party) Agency Personnel Fee PART 3 Compilation of LPN Related Data (Including LPNs Assigned to Nursing Administration) Line 1 LPN Employee Salary Cost Line 4 LPN Employee Total Benefits Paid Line 5 LPN Outside Agency Personnel Costs Line 7 LPN Corporate (Related Party) Agency Personnel Fee

**INTENTIONAL MISREPRESENTATION OR FALSIFICATION OF ANY
INFORMATION CONTAINED IN THIS SURVEY RESPONSE MAY BE PUNISHABLE
BY FINE AND/OR IMPRISONMENT UNDER FEDERAL AND/OR STATE LAW.**

CERTIFICATION BY OFFICER OR ADMINISTRATOR OF PROVIDER

I hereby certify, that I have read the above statement and that I have examined the accompanying Survey of Nursing Home Labor Costs response for the period beginning January 1, 2007 and ending December 31, 2007, and that to the best of my knowledge and belief, it is a true, correct and complete statement, prepared from the books and records of

Name of Facility

Address

In accordance with applicable instructions, except as may be noted. The above referenced information was prepared by:

Name and Title

Address

Signed _____
Officer or Administrator of Provider

Date _____

Provider Name:

Provider Number: